

January 26, 1999

State of the Union Amounted to a Spending Promise-a-Minute **The Clinton Constant: Consummate Spending**

President Clinton outdid himself in his latest State of the Union Address. In a speech permeated with promises, he managed to commit every penny of the \$4.4 trillion surplus he anticipates will accrue over the next 15 years. To fathom such a figure as \$4.4 trillion, consider:

- ▶ It is 20 percent larger than the federal government's entire public debt of \$3.7 trillion;
- ▶ It is eleven-and-one-half times all the money to be spent this year by Social Security — the government's largest program; and
- ▶ It is more than two-and-one-half times every cent to be spent by the entire federal government this year.

Even for Consummate Spender Clinton, \$4.4 trillion in just over an hour is a breathtaking accomplishment.

Regrettably, it is not a surprising one. If there is one constant in this most inconstant of America's presidents, it is his obsession for spending. Throughout his presidency, Clinton has always sought to increase — significantly — the size and cost of government. It is an overlooked fact that Clinton never proposed a real balanced budget until *after* a balanced budget agreement was already signed with Congress. In short, while there has never been any leadership from this president when it comes to fiscal responsibility, no one has been more out in front when it comes to federal spending.

Promises, Promises

Oh, promises, those kind of promises take all the joy from life

Oh, promises, promises, my kind of promises

[“Promises, Promises,” music by Burt Bacharach, lyrics by Hal David]

President Clinton, during this year's State of the Union speech, was making a promise a minute . . . literally. According to the Assistant Majority Leader Nickles, Clinton made 77 promises during the 77 minute duration of his speech. Note that in these 77 minutes of promising, President Clinton nine times referred to his forthcoming “balanced budget” [read: *no surplus*]. And so, out of a \$4.4 trillion surplus, he spends literally all of it, but fails to offer a single significant tax cut for today's taxpayer.

Even after deducting the \$2.7 trillion President Clinton claims to set aside for Social Security, that leaves \$1.7 trillion for spending:

- He pledges roughly \$370 billion in new government spending on “pressing national domestic priorities.”

Although unmentioned in his speech, the White House documented that the forthcoming Clinton budget will dedicate 11 percent of the surplus — \$480 billion — on “pressing national domestic priorities” and defense, spent on a 3-1 ratio. While strengthening the nation’s defense which his administration has depleted over the last six years, the President still will only dedicate \$112 billion to defense over the next six years, according to press accounts. [See, also, RPC paper, “President Clinton’s Defense Spending Increase: Long Overdue, But Less than Meets the Eye,” 1/25/99.]

- He promises some \$653 billion to be spent on Medicare.

Clinton’s additional dollars for Medicare will have dire consequences. First, it would be the first time general revenues were used to pay for what has been a self-financed program through future beneficiaries’ contributions. This \$653 billion constitutes a *de facto* 22-percent increase in the Medicare payroll tax — however, it would be paid from the general revenues. In other words, only *income* taxpayers (not all taxpayers, as is the case with the payroll tax) would bear this new responsibility. Policy-wise, the de-linking of Medicare expenditures from its dedicated revenues removes incentives for real reform — and moves Medicare toward becoming a welfare program.

Clinton does not provide any of the needed reforms to keep Medicare viable — but, rather proposes to increase spending by including new benefits (such as prescription drugs) and expanded eligibility for a program that already cannot face its current constraints.

- He commits some \$480 billion on a brand-new retirement account program.

Social Security is by all accounts the most pressing fiscal problem facing this nation, and its meaningful reform is something Clinton completely avoided. Instead Clinton prefers to create a new program rather than fixing the existing one — thus leaving the government with two programs to support when it cannot now support one in the near future.

What follows is hardly a comprehensive list but, according to various press reports, offers some of the additional spending planned by the White House [Editor’s note: these figures may not be added up because in some cases the press reports did not specify the spending duration]:

- \$10 billion over five years in new health care initiatives.
- \$18 billion over five years in new child care initiatives.
- \$15 billion for economic expansion for low- and moderate-income areas.

- \$4 billion over five years for building new classrooms.
- \$2.1 billion over five years for reducing Russia's nuclear arsenal.
- \$1 billion for expanding the welfare-to-work program.
- \$1 billion in new spending from a \$10 billion "Better America" bond program to finance preserving "green space" and reducing traffic congestion.
- \$1 billion for urban parks.

How's Clinton Going to Pay for All His Promises?

*"This is where those promises, promises end
I don't pretend that what was wrong can be right"*

While President Clinton was long on promises in his televised performance, he was short on specifics, especially when it came to *paying* for his promises. In many instances — such as the \$370 billion for "pressing national domestic priorities," his documents explicitly identify the surplus — the same surplus that he declared sacrosanct for Social Security last year. However when it comes to the smaller initiatives that he began releasing on a daily basis in December, he has not identified how he will pay for all his new spending.

Perhaps it will come from new taxes. In his budget last year, Clinton included a \$100 billion net tax hike from new taxes and fees. The President has already indicated that he will again seek new revenue from tobacco — this time pursuing it through the backdoor by seeking a share of the states' \$206 billion settlement with the tobacco companies and through federal litigation as well (not to mention his plans for an actual excise tax increase).

While it may be unclear where the money to pay for all Clinton's new spending will come from, based on Clinton's own record, it is crystal clear where it won't: federal spending cuts. Clinton's penchant for spending is one thing that has remained constant throughout his presidency.

One Thing's for Sure: He's Not Going to Cut Spending

*"Things I promised myself fell apart
But I found my heart."*

When Clinton was running for office in 1992, he promised a balanced budget in five years. Amazingly, according to the nonpartisan CBO — "the independent numbers of the Congressional Budget Office" as Clinton called them in his 1993 State of the Union — the President never even submitted a real balanced budget until 1998, his sixth year in office. This was only *after* a balanced budget deal with Congress had been already signed. That's not leadership, that's the

very definition of "followership." When it came to balancing the budget, Clinton's heart just wasn't in it.

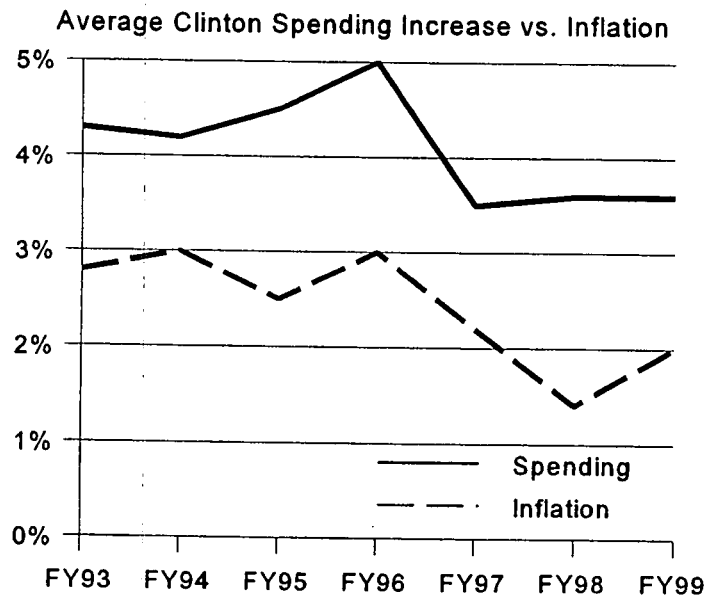
CBO ESTIMATES OF CLINTON BUDGETS FY94-FY99

(in billions of \$'s)

FY94	1993	1994	1995	1996	1997	1998	
Rev	1142	1242	1329	1412	1486	1552	
OL	1450	1510	1588	1634	1690	1781	
Deficit	308	268	259	222	204	229	
FY95	1994	1995	1996	1997	1998	1999	
Rev	1251	1339	1411	1479	1556	1630	
OL	1478	1521	1587	1669	1747	1838	
Deficit	227	182	176	190	191	208	
FY96	1995	1996	1997	1998	1999	2000	
Rev	1355	1416	1464	1534	1604	1678	
OL	1532	1626	1698	1765	1860	1954	
Deficit	177	210	234	231	256	276	
FY97	1996	1997	1998	1999	2000	2001	2002
Rev	1428	1477	1549	1619	1690	1787	1852
OL	1574	1633	1702	1744	1797	1855	1934
Deficit	146	156	153	125	107	68	82
FY98	1997	1998	1999	2000	2001	2002	
Rev	1507	1557	1630	1704	1779	1862	
OL	1623	1703	1772	1839	1874	1931	
Deficit	116	146	142	135	95	69	
FY99	1998	1999	2000	2001	2002	2003	
Rev	1680	1751	1799	1863	1946	2026	
OL	1671	1747	1803	1855	1897	1983	
Deficit*	-9	-4	4	-8	-49	-43	

* Minus sign (-) indicates a projected surplus.

The reason is perfectly clear: Clinton has always been a consistent friend, not just of big government, but of bigger government. Looking at the spending proposals in Clinton's budgets as scored by CBO, the average spending increases were excessively larger than the inflation that actually occurred in those budgets' first years. Not only is that not balancing the budget, it's a desire to excessively grow the government.



Clinton Budgets' Average Spending Increase vs. Inflation

	1993	1994	1995	1996	1997	1998	1999
1.	4.3%	4.2%	4.5%	5%	3.5%	3.6%	3.6%
2.	2.8%	3%	2.5%	3%	2.2%	1.4%	2%

1. Spending increase is the average of spending increases throughout the years affected by the budget.
2. Inflation is measured by actual CPI-U for a budget's first year.

Clinton Promises, Taxpayer Pays

*"Oh promises, promises, my kind of promises
Can lead to joy and hope and love, Yes, love!!"*

President Clinton's State of the Union promised something for everyone in hopes of buying everyone's support. Regrettably, that includes an I.O.U. for the American taxpayer, who won't find a tax cut in all those promises and all those trillions of surplus dollars, their surplus.

In a revealing statement, a White House aide was reported remarking about Clinton's spending priorities: "You have to fight irresponsible tax cuts with something" [*Wall Street Journal*, 1/15/99]. This cynical statement reveals a philosophy that even the trillions in new spending are secondary to the political cause of stopping a tax cut. But rest assured, as Clinton has proven time and time again, he'll take the spending.

A spending-initiative-a-day and promise-a-minute, America has been promised plenty of new spending for the federal government but not a cent in significant tax cuts for themselves. When it comes to promises, America can be sure that the one Clinton will keep will be to the federal government.

Staff Contact: Dr. J.T. Young, 224-2946; charts by Wes Harris